



Digital Money

THE NEXT FRONTIER

TTS Client Advisory Board Meeting

November 5, 2015 | Armonk, NY

Naveed Sultan

Global Head Treasury and Trade Solutions, Citi





**MONEY WON'T CREATE SUCCESS,
THE FREEDOM TO
MAKE IT WILL** NELSON MANDELLA

SECULAR TRENDS - SHAPING THE FUTURE



GLOBALIZATION

In 2012 flow of goods, services and finance was **\$26 trillion** and is projected to be **\$85 trillion** by 2025.



URBANIZATION

The urban population in 2014 accounted for **54%** of world population and will be **75%** by 2050. Chinese urban population is projected to rise by **400 million** in the coming years.



DIGITIZATION

Global e-commerce sales reached almost **\$1.3 trillion** in 2013 - nearly **2%** of global GDP.

MACRO IMPACT OF DIGITIZATION ON OTHER INDUSTRIES



30%

Average net revenue decline for an incumbent due to digital disruption



44%

Market share shift from physical to digital over 10 years



14%

Impact of digital disruption on Financial Services from 1% of current market share to 14% by 2020

HOW IS FINTECH DISRUPTING FINANCIAL SERVICES

**SAFEGUARDING
ASSETS**



**LENDING
MONEY**



**MAKING
PAYMENTS**



**CAPITAL
MARKETS**



EVOLUTION OF MONEY



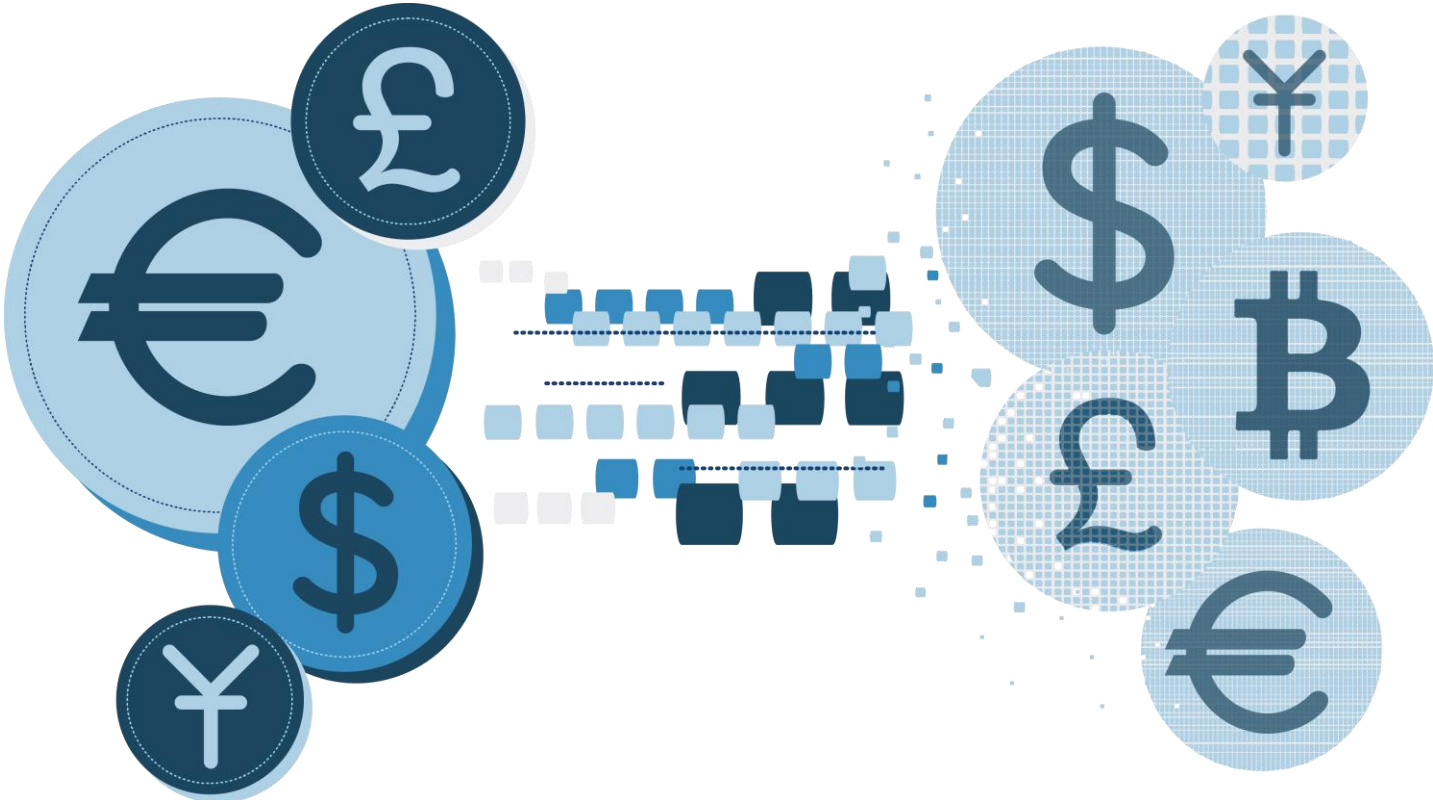
Livestock, Shekels,
Shells



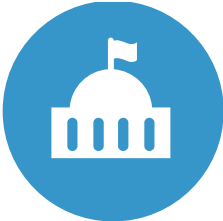
**THE EYE HAS NEVER SEEN,
NOR THE HAND TOUCHED
A DOLLAR**

A. MITCHELL INNES

SO, WHAT IS DIGITAL MONEY?



DIGITAL MONEY BENEFITS



GOVERNMENT



BUSINESS



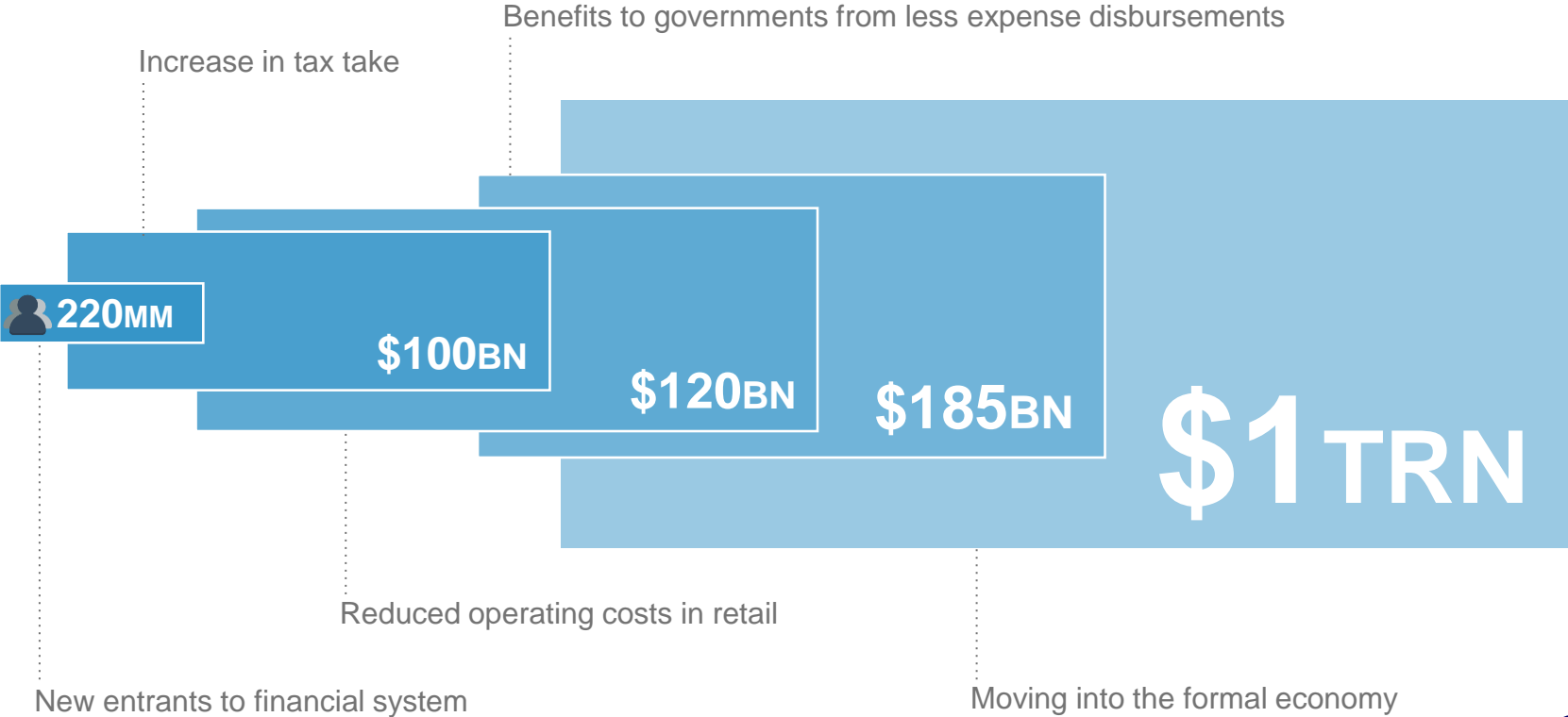
CONSUMER



REGULATOR

DIGITAL MONEY BY THE NUMBERS

A 10% INCREASE IN DIGITAL READINESS IN 90 COUNTRIES RESULTS IN...

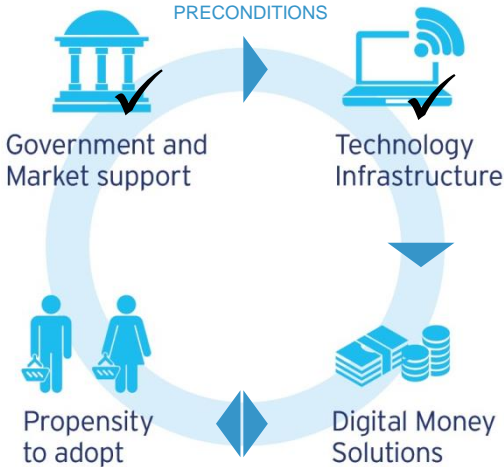




EVALUATING MARKETS FOR DIGITAL MONEY READINESS

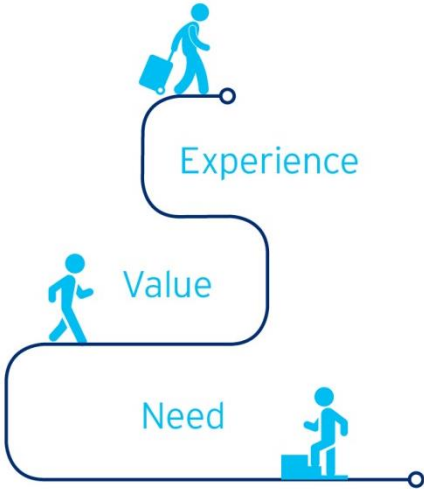
Government support and Telecom Infrastructure are

PRECONDITIONS



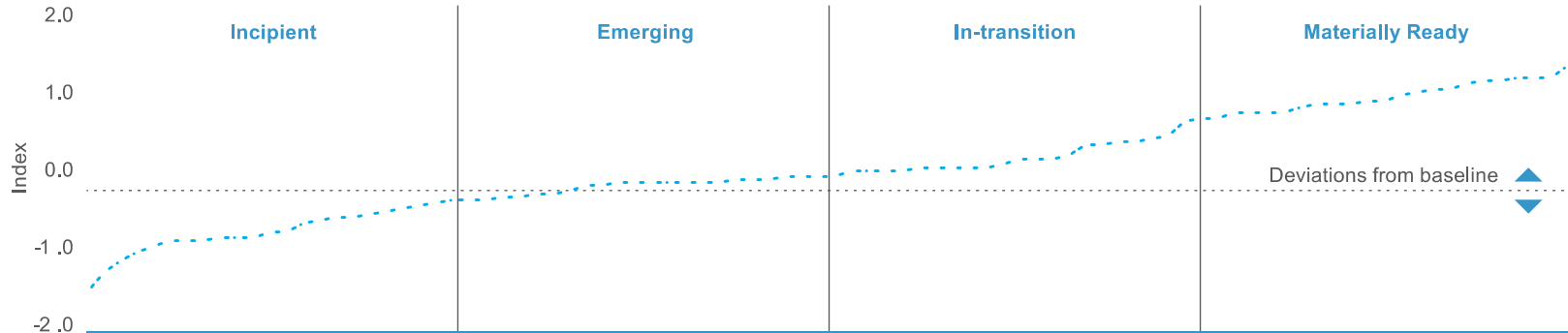
...post that, adoption is linked to a progressive hierarchy of

CONSUMER NEEDS





CURRENT DIGITAL MONEY READINESS



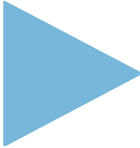
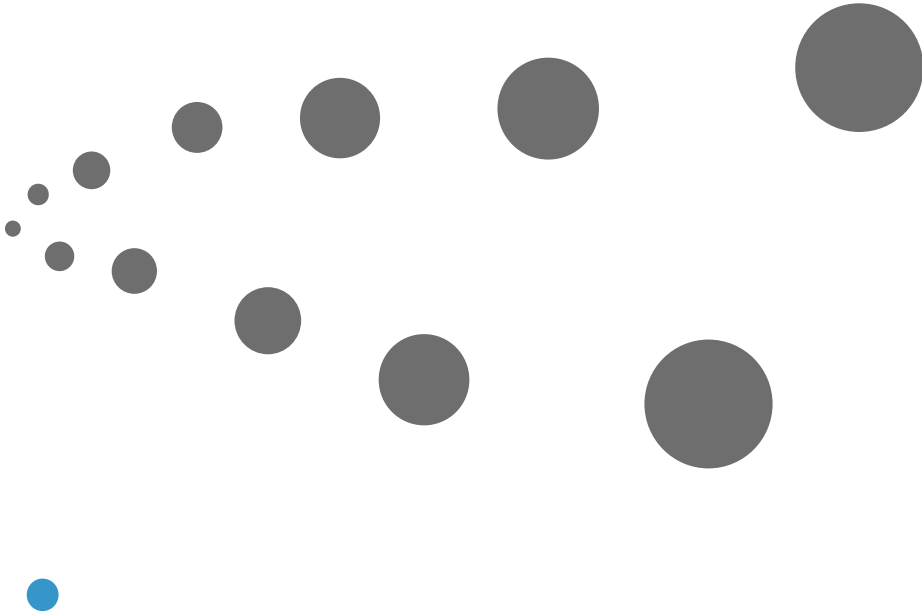
Quartile 1: Incipient		Quartile 2: Emerging		Quartile 3: In-transition		Quartile 4: Materially Ready	
Egypt	Tanzania	Romania	Morocco	Israel	Poland	Finland	Austria
Nigeria	Venezuela	Mexico	Mongolia	Panama	Italy	Singapore	Canada
Zambia	Nepal	El Salvador	Peru	Chile	Indonesia	United States	Qatar
Tunisia	Mali	Dominican Republic	Greece	Portugal	Croatia	Sweden	New Zealand
Pakistan	Iran	Guatemala	Namibia	Saudi Arabia	China	Hong Kong	Australia
Argentina	Mozambique	Trinidad And Tobago	Botswana	Spain	Brazil	Norway	United Arab Emirates
Cote D'Ivoire	Algeria	Kuwait	Ghana	Czech Republic	Kazakhstan	United Kingdom	Ireland
Uganda	Burkina Faso	Russian Federation	Honduras	South Africa	Philippines	Netherlands	Malaysia
Bangladesh	Ethiopia	India	Vietnam	Turkey	Thailand	Japan	Korea
Cameroon	Angola	Sri Lanka	Ukraine	Costa Rica	Hungary	Switzerland	Belgium
Gabon	Chad	Jamaica	Senegal	Slovenia	Columbia	Denmark	France
		Kenya				Germany	

HOW IS THE DIGITAL MONEY SPACE EMERGING



BLOCKCHAIN / DISTRIBUTED LEDGER IS A KEY TECHNOLOGY

POTENTIAL TO TAKE STEPS, TIME AND COST OUT OF FINANCIAL FLOWS



... AND IT HAS OTHER POTENTIAL BENEFITS BEYOND CURRENCIES AND PAYMENTS

MICRO PAYMENTS

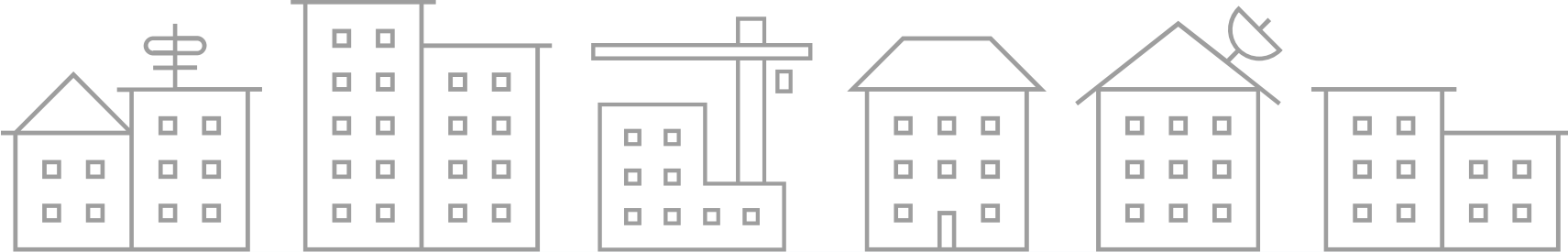
SMART CONTRACTS

DIGITIZED ASSETS

AUTONOMOUS ORGANIZATIONS

REMITTANCES

UNBANKED FINANCIAL SERVICES

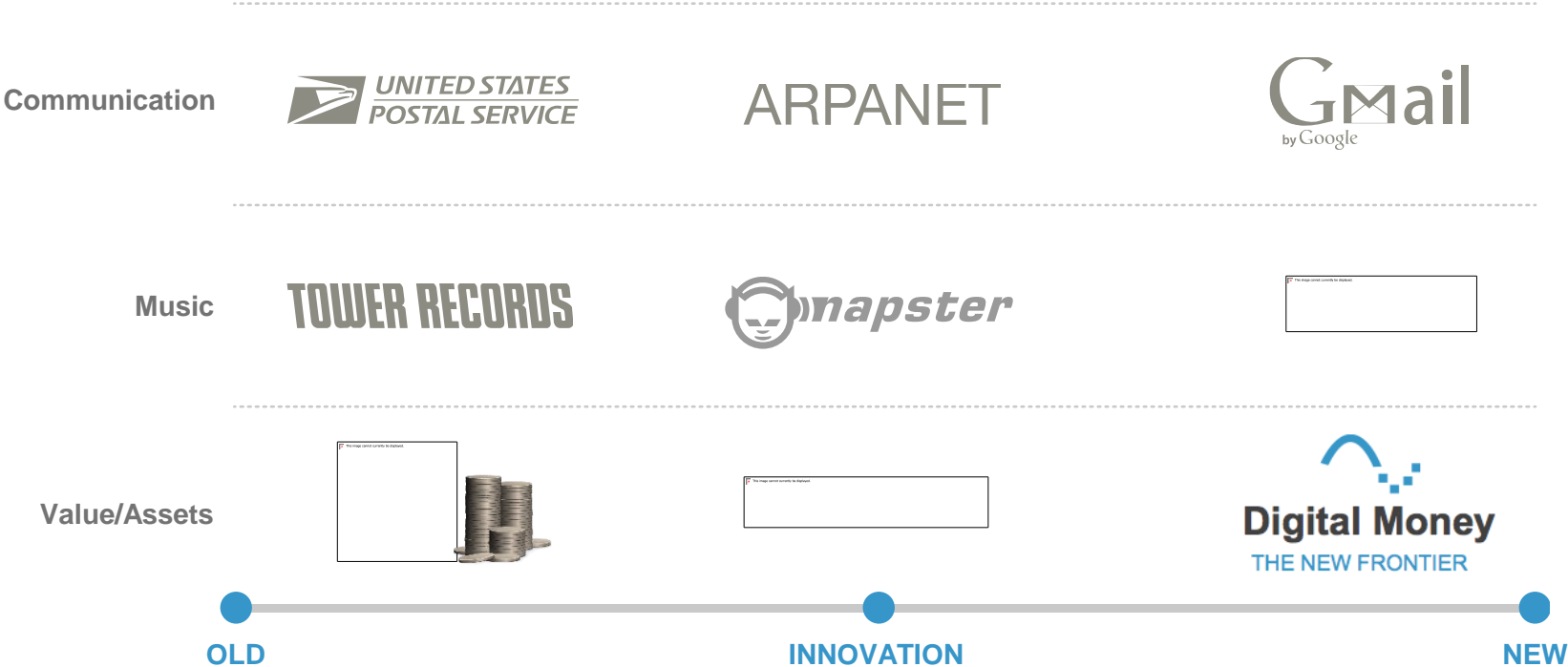




WHAT IS NEEDED IS AN ELECTRONIC PAYMENT SYSTEM BASED ON CRYPTOGRAPHIC PROOF INSTEAD OF TRUST

SATOSHI NAKAMOTO

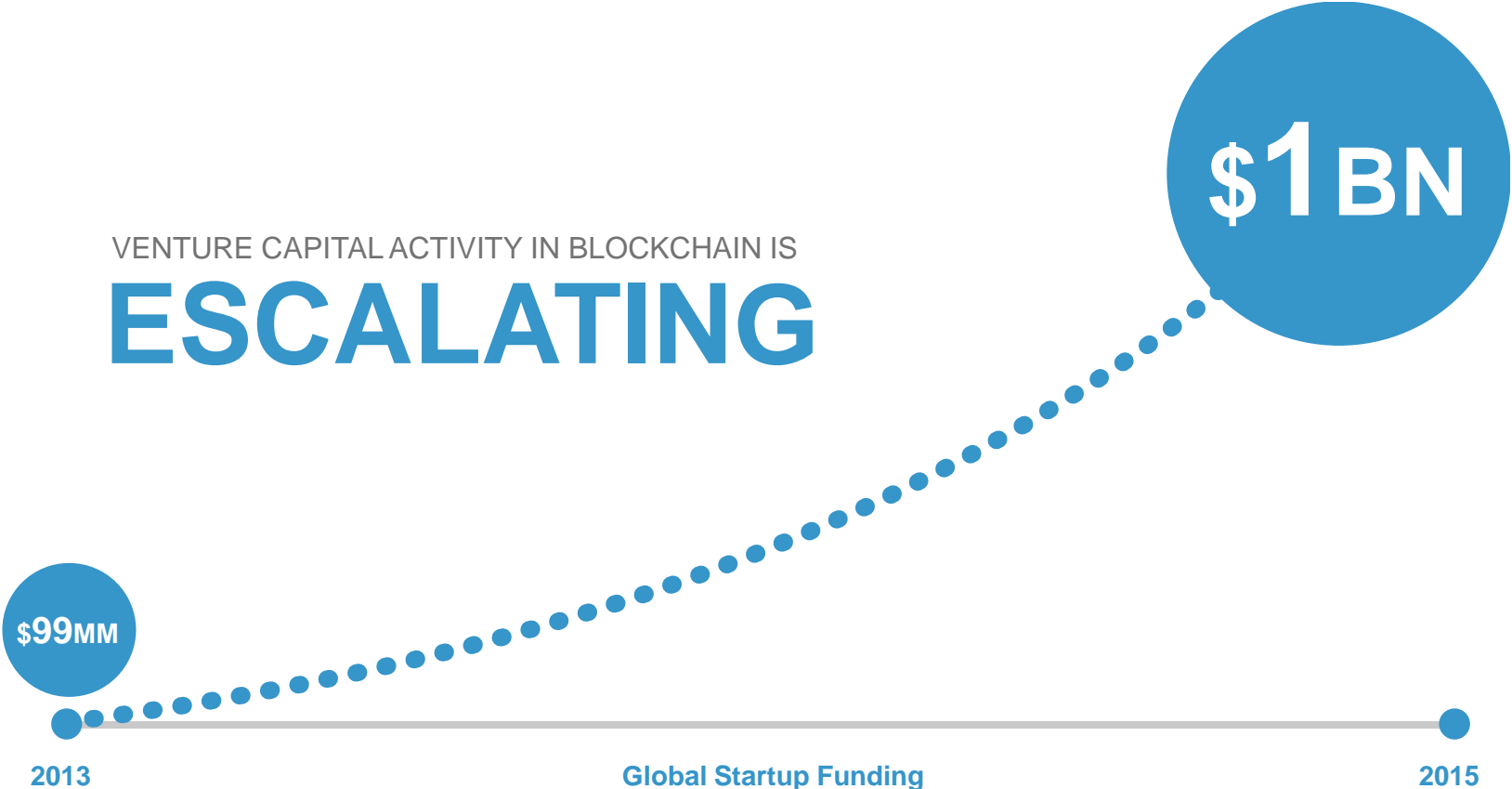
IS BLOCKCHAIN THE MP3 OF THE FINANCE INDUSTRY?



INCREASING VC ACTIVITY

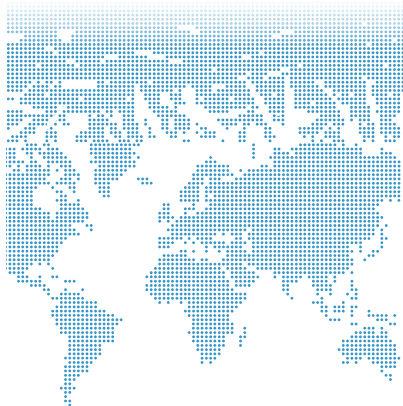
VENTURE CAPITAL ACTIVITY IN BLOCKCHAIN IS

ESCALATING

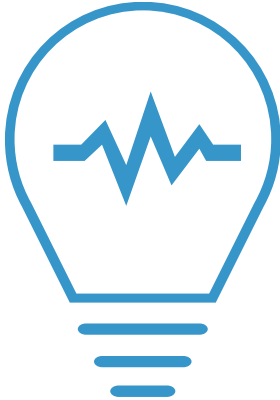


WHAT IS CITI DOING?

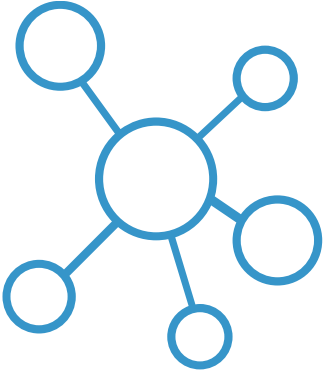
DIGITAL MONEY INDEX



INNOVATION LAB



ACCELERATORS





**EVERY MAN TAKES THE
LIMITS OF HIS OWN VISION
FOR THE LIMITS OF THE WORLD**

ARTHUR SCHOPENHAUER

Thank You

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